

This filing is for CareSource individual non-grandfathered ACA compliant on and off-exchange block of business effective 1/1/2019. This block is projected to have 51,852 policies in force in 2019. The requested average rate increase to be effective 1/1/2019 is 19.4%, ranging from -13.8% to 40%. The projected loss ratio for this block is 80.7% for the rating period.

The following items are the primary drivers of the 19.4% rate increase:

Base experience- 2017 experience period allowed claims PMPM adjusted for changes in experience member characteristics resulted in a 10.4 increase to the premium rates. The underlying experience used in the development of the proposed rates consists of approximately 320,000 members months of experience and was determined to be 100% credible.

Trend- they have assumed a 5.4% annual trend rate, this is a slight increase from the 5.1% annual trend rate used in 2018 pricing.

Benefit design, plan mix, and utilization factor changes- the changes in these categories from 2017 to 2019 reflect leaner benefit plans and therefore lower utilization. These changes resulted in a 4.9% decrease to the premium rates.

Non-payment of CSR subsidies- CSR subsidies will not be funded in 2019 and CareSource will be responsible for paying claims at the reduced cost sharing variant levels. The impact of the increased claim payments is spread across all silver plans in the single risk pool and is reflected in the AV pricing values. The estimated CSR subsidy cost load assumption has decrease from the prior year's filing, from 10.4% to 7.4%. This resulted in a 2.7% decrease to the premium rates.

Additionally there are other key assumptions used in rate development like, Risk adjustment, provider reimbursements, Morbidity and administrative costs, taxes and fees, profit and risk load.

The submitted filing was reviewed and subsequent questions requesting additional information sent to the insurer. Additional information requested included detail on the rate development adjustments, risk adjustment, trend, AV pricing and metal values, retention, enrollment projections, rating factors and induced utilization.

The company provided supporting documentation for their assumptions, although given the wide range of possible scenarios and magnitude, complexity of ACA provisions, and uncertainty of actual market purchaser characteristics, it is not unlikely that results will vary from the company's assumptions

The filing was approved average increase of 19.4%.